

Message Text

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67

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 DRC-01 TAR-02 /160 W

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R 242046Z SEP 74

FM AMEMBASSY PORT AU RPRINCE

TO SECSTATE WASHDC 8624

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E.O. 11652: N/A

TAGS: EFIN, HA

SUBJECT: PRELIMINARY ADMINISTRATIVE STEPS TAKEN TO
RELIEVE B/P PROBLEMS

REF: P-AU-P 1493

1. GOH HAS TAKEN PART OF THE ADMINISTRATIVE MEASURES FORECAST
IN REFTEL TO DEFEND B/P. MOST RECENT STEP HAS BEEN TO RAISE
MINIMUM INTEREST RATE TO BORROWERS FROM 8 TO 11 PERCENT. ORDER,
WHICH TAKES EFFECT OCT. 1, HAS NOT BEEN GIVEN PUBLICITY AND
WAS CONVEYED IN A CIRCULAR LETTER FROM NATIONAL BAK TO PRIVATE
BANKS. NO CHANGE HAS BEEN MADE IN THE MAXIMUM RATE TO BE
CHARGED, WHICH IS FIXED AT 15 PERCENT BY USURY LAWS.

2. IN HOPES OF REDUCING OUTFLOW OF DOMESTIC CAPITAL, GOH
HAS ALSO DECIDED TO ALLOW BANKS TO INCREASE INTEREST RATES
ON DEPOSITS. NEW PERMISSIBLE RATES RANGE FROM 6 PERCENT ON
PASSBOOK ACCOUNTS TO 8 PERCENT ON 12-MONTH CERTIFICATES.
PREVIOUS MAXIMUM RATES, WHICH HAD NOT BEEN PAID BY ALL BANKS,
RANGED FROM 5 TO 6 PERCENT. BANKS WILL NOT BE REQUIRED TO
RAISE RATES, BUT GOH HAVE PUBLICITY TO ITS ANNOUNCEMENT
IN ORDER TO PUT PRESSURE ON THE BANKS TO PAY HIGHER RATES.

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3. IN A FURTHER MOVE TO STEM OUTFLOW OF DOMESTIC FUNDS, GOH
SEVERAL WEEKS AGO QUIETLY STATIONED POLICE OUTSIDE LOCAL
GAMBLING CASINO, WITH INSTRUCTIONS TO ADMIT ONLY FOREIGNERS.

4. NO ACTION HAS BEEN TAKEN O LIMIT IMPORTS, BUT MEASURES
ARE STILL UNDER CONSIDERATION BY GOH. GOH OFFICIALS ARE NOW
LEANING TOWARD INCREASES IN TARIFFS ON LUXURY GOODS (CAMERAS
AND AUTOMOBILES IN PARTICULAR) RATHER THAN QUOTAS OR FLAT
IMPORT PROHIBITIONS.
ISHAM

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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